

Washington State Health Care Authority

THE K-12 PUBLIC SCHOOL EMPLOYEE HEALTH BENEFITS REPORT PROPOSED PURCHASING STRATEGY FOR A CONSOLIDATED BENEFITS SYSTEM TRANSPARENCY AND EQUITY

For purposes of the K-12 Health Benefits Project, the HCA is providing an explanation of how the State Agency views the terms transparency, equity and cost savings.

Transparency

Budget Management:

- Detailed reporting of health benefits funding by revenue sources.
 - State allocation
 - Local levies
 - Employee out-of-pocket
 - Others such as grants, federal monies, etc.
- Detailed reporting of health benefits costs by expenditure category.
 - Health care expenses
 - Employing Agency expenses
 - Benefits Administrator expenses
 - Contracted Carrier expenses

Purchaser Benefits Management

- Routine (annual or more frequent) employee population and health plan experience data submission to Benefits Administrator segregated by individual school district.
- All school districts, or their representatives, have access to the benefit plan designs and established employee premium sharing obligations for all benefits plans and family tiers prior to bargaining groups packaging a subset of offerings for their represented employees.
- Detailed benchmarking of benefits system annual performance.

Consumer and Provider Engagement

- All employees have access to the benefit plan designs available to them and the established employee premium sharing obligations prior to inform decisions regarding participation and individual plan selection during open enrollment.
- Health plan and provider cost and quality information is available to enrollees and providers to assist in effective benefits utilization and cost control.

Equity

Equal Access to Affordable Health Benefits

- State health benefits subsidy dollars are allocated through a methodology that is consistently applied to eligible participating employees regardless of employing agency, employee group, or subscriber/dependent tier status. (May be a part of equitable distribution of all funding, equitable premium sharing obligations, etc.)
- Employee eligibility is determined by each school district following uniform system-wide criteria set for the consolidated system.

- Employee premium shares for all family tiers are calculated using a methodology that indexes employee plus dependent tiers off of the negotiated single subscriber tier for all employees of the employing agency.
- All participating school districts and employee groups have access to a common benefits plan portfolio with a sufficient number of plans of differing types and relative values to provide each employee group the ability to package a subset of plans that affords individual employees a meaningful choice based on individual preferences and needs (with the understanding that limitations exist due to the fact that carrier plan availability is variable by geographical location in Washington).
- In support of consumer engagement and accountability, each participating employee is required to pay a share of the local school district premium obligation regardless of school district or employee group.

Cost Savings

- System administration and operations are designed to take advantage of purchasing leverage, process simplification through system-wide consistency and reduced duplication, and effective use of technology.
- Anticipated cost savings are acknowledged to be avoidable future costs that will result in lower premium rates and will likely accumulate in increasing amounts as a consolidated system experience is gained and the system stabilizes.
- Available revenue resulting from future avoided costs will be re-invested in the K-12 system based on decisions of the Legislature and School Districts, in cooperation with employee representatives.
- The scope of the current HCA project does not cover potential cost savings related to incurred costs of actual benefit utilization.